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DEPARTMENT OF THE ARMY JUSTIFICATION OF ESTIMATES FOR FISCAL YE--ETC(U)
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DEPARTMENT OF THE ARMY

JUSTIFICATION OF ESTIMATES FOR FISCAL YEAR 1982

SUBMITTED TO CONGRESS

JANUARY 1981.

Part 4. Ammunition.

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PART 4 OF 5 PARTS
(AMMUNITION)

PROGRAMS

MISSILES

WEAPONS & TRACKED COMBAT VEHICLES

OTHER

PROCUREMENT

AIRCRAFT

AMMUNITION

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DEPARTMENT OF THE ARMY
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January 1981

DEPARTMENT OF THE ARMY
PROCUREMENT APPROPRIATIONS

Justification of Estimates for Fiscal Years 1982, 83 (Auth Only)

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Department of the Army
Procurement of Ammunition, Army
Justification of Estimates for Fiscal Year 1982

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PROCUREMENT OF AMMUNITION, ARMY

Section 1

Budget Appendix Extract

Language

Program and Financing Schedule

Object Classification Schedule

4-1 - 1/15/81

APPROPRIATION LANGUAGE

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including ammunition facilities authorized in military construction authorization Acts or authorized by section 2673, title 10, United States Code, and the land necessary therefor, without regard to section 4774, title 10, United States Code, for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title as required by section 355, Revised Statutes, as amended; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; [§1,531,000,000] §1,816,200,000 to remain available for obligation(1) until September 30, [1983] 1984.

(10 U.S.C. 2353, 3012, 4531, 4532; 31 U.S.C. 649c; Department of Defense Appropriation Act, 1979; additional authorizing legislation to be proposed.)

EXPLANATION OF LANGUAGE CHANGES

- (1) To change the amount of the appropriation requested for FY 1982.
- (2) To change the obligation expiration date for the FY 1982 program.

Army

16 JAN 81

Procurement of Ammunition, Army

Program and Financing (in thousands of dollars)

Identification code	21-2034-0-1-051	Budget Plan (amounts for procurement actions programmed)			Obligations		
		1980 actual	1981 est.	1982 est.	1980 actual	1981 est.	1982 est.
Program by activities:							
Direct:							
1. Ammunition	803,425	1,199,900	1,573,500	876,003	1,029,366	1,453,289	
2. Ammunition production base support	348,300	331,100	242,700	372,503	262,631	261,384	
Total direct	1,151,725	1,531,000	1,816,200	1,250,506	1,311,997	1,734,663	
Reimbursable program (total)	402,633	646,000	117,900	343,624	478,203	216,127	
Total	1,554,258	2,078,000	1,934,100	1,594,030	1,790,200	1,982,790	
Financing:							
Offsetting collections from:							
Federal funds	-315,628	-350,500	-106,500	-301,416	-349,000	-106,500	
Trust funds	-86,725	-197,500	-11,400	-49,996	-190,700	-11,400	
Non-federal sources	-180	.....	.....	-180	.....	.....
Recovery of prior year obligations, obl plan	.....	.....	.....	-8,539	.....	.....
Unobligated balance available, start of year:	.....	.....	.....	-479,382	-321,510	-602,010	
For completion of prior year budget plans	.....	.....	.....	.....	.....	.....
Reprogramming from or to prior year budget plan	.....	.....	.....	.....	.....	.....
Unobligated balance transferred to other accounts	.....	.....	.....	.....	.....	.....
Unobligated balance available, end of year	17,058	.....	.....	17,058	602,010	863,320	
Unobligated balance lapsing	43,350	.....	.....	321,510	43,350	.....
Budget authority	1,136,425	1,531,000	1,816,200	1,136,425	1,531,000	1,816,200	
Budget authority:							
Appropriation	1,232,800	1,531,000	1,816,200	1,232,800	1,531,000	1,816,200	
Appropriation rescinded	-15,300	.....	.....	-15,300	.....	.....
Transferred to other accounts	-95,675	.....	.....	-95,675	.....	.....
Transferred from other accounts	14,500	.....	.....	14,500	.....	.....
Appropriation (adjusted)	1,136,425	1,531,000	1,816,200	1,136,425	1,531,000	1,816,200	
Relation of obligations to outlays:							
71.00 Obligations incurred, net	1,242,426	1,250,500	1,034,890	1,242,426	1,250,500	1,034,890	
72.40 Unobligated balance, start of year	1,173,332	1,456,371	1,467,871	1,173,332	1,456,371	1,467,871	
74.40 Unobligated balance, end of year	-1,456,371	-1,467,871	-1,467,871	-1,456,371	-1,467,871	-1,467,871	
77.00 Adjustments in expired accounts	20,636	.....	.....	20,636	.....	.....
78.00 Adjustments in unexpired accounts	-8,639	.....	.....	-8,639	.....	.....
Outlays	1,271,386	1,271,386	1,271,386	1,271,386	1,271,386	1,271,386	
90.00 Outlays	1,444,000	1,444,000	1,444,000	1,444,000	1,444,000	1,444,000	

Army

Procurement of Ammunition, Army

15 JAN 81

Object Classification (in thousands of dollars)

Identification code	21-2034-0-1-051	1980 actual	1981 est.	1982 est.
Direct obligations:				
Other services:				
25.0	Other	476,746	512,500	691,600
26.0	Supplies and materials	771,536	733,696	1,042,503
31.0	Equipment	225	65,801	360
99.0	Total direct obligations	1,250,506	1,311,997	1,734,663
Reimbursable obligations:				
Other services:				
25.0	Other	133,394	207,800	83,400
26.0	Supplies and materials	210,063	270,303	124,375
31.0	Equipment	67	100	362
99.0	Total reimbursable obligations	343,524	478,203	218,127
99.9	Total obligations	1,594,030	1,790,200	1,932,790

Army

15 JAN 81

Procurement of Ammunition, Army

Program and Financing (in thousands of dollars)

		Budget Plan (amounts for procurement actions programmed)			Obligations			1979 Fiscal year program		
Identification code		21-2034-0-1-051	1980 actual	1981 est.	1982 est.	1980 actual	1981 est.	1982 est.	1981 est.	1982 est.
Program by activities:										
Direct:										
1. Ammunition								123,718	37,660	
2. Ammunition production base support								9,829	6,375	
Total direct										
Reimbursable program (total)								133,548	44,035	
10.00	Total							47,447	56,041	
								180,985	100,076	
Financing:										
Offsetting collections from:										
11.00 Adjustment to pay federal fund orders								1,826	1,500	
13.00 Adjustment to pay trust fund orders								14,371	6,800	
17.00 Recovery of prior year obligations, obl plan								-3,628		
Unobligated balance available, start of year:										
21.40 For completion of prior year budget plans								319,194	-108,376	
21.40 Reprogramming from or to prior year budget plan										
23.40 Unobligated balance transferred to other accounts								1,954		
24.40 Unobligated balance available, end of year								108,376		
40.00 Budget authority								-15,300		
									-15,300	

Army

16 JAN 81

Procurement of Ammunition, Army

Program and Financing (in thousands of dollars)

1980 Fiscal year program

Budget plan (amounts for

procurement actions programmed)

1980 actual 1981 est. 1982 est.

Program by activities:

Direct:

1. Ammunition production base support

2. Ammunition production base support

Total direct

Reimbursable program (total)

10.00 Total

Financing:

Offsetting collections from:

Federal funds

Trust funds

Non-federal sources

Unobligated balance available, start of year

Unobligated balance available, end of year

Budget authority

Budget authority:

40.00 Appropriation

41.00 Transferred to other accounts

42.00 Transferred from other accounts

43.00 Appropriation (adjusted)

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Procurement of Ammunition, Army

18 JAN 81

Army

Procurement of Ammunition, Army

15 JAN 81

Program and Financing (in thousands of dollars)

1982 Fiscal year program

Obligations

Identification code	Budget plan (amounts for		1982 Fiscal year program	
	Procurement actions programmed)		1980 actual	1981 est.
21-2034-0-1-051			1982 est.	1981 est.
			1980 actual	1981 est.
			1980 actual	1981 est.

Program by activities:

Direct:

1. Ammunition production base support
2. Ammunition production base support

Total direct

Reimbursable program (total)

Total

10.00

1. Ammunition production base support	1,673,500	.....	1,283,786
2. Ammunition production base support	242,700	.....	223,660
Total direct	1,916,200	.....	1,507,446
Reimbursable program (total)	117,900	.....	82,530
Total	1,934,100	.....	1,589,976

Financing collections from:

Federal funds

Trust funds

Unobligated balance available, end of year

Budget authority

11.00	-106,500	.....	-106,500
13.00	-11,400	.....	-11,400
24.40	.....	.....	344,124
40.00	1,816,200	.....	1,816,200

PROCUREMENT OF AMMUNITION, ARMY

Section 2

Introductory Statement

4-10 - 1/15/81

DEPARTMENT OF THE ARMY
ANNUAL BUDGET ESTIMATES

Appropriation:	PROCUREMENT OF AMMUNITION, ARMY	FY 1982 Budget
	Section 2 - INTRODUCTORY STATEMENT	

This appropriation finances the acquisition of ammunition, modification of inservice stock, and related production base support including the maintenance, expansion, and modernization of industrial facilities and equipment.

The 1982 program provides for worldwide training consumption and losses from inventory through the 1982 funded delivery period; procurement of modern hardware; and buildup of war reserve stocks to meet authorized acquisition objectives. This year's program includes funds for over 50 different types of ammunition and provides the 14th increment of a multi-year effort to rehabilitate and improve the Army's industrial base.

PROCUREMENT OF AMMUNITION, ARMY

Section 3

Summary of Requirements

4-12 - 1/15/81

SUMMARY OF REQUIREMENTS (In Thousands of Dollars)					
Appropriation:	PROCUREMENT OF AMMUNITION, ARMY	FY 1980		FY 1982	
		Actual	Estimate	Estimate	Estimate
Ammunition	803,425	1,199,900	1,573,500	
Ammunition Production Base Support	348,300	331,100	242,700	
Total Direct Program	1,151,725	1,531,000	1,816,200	
Reimbursable Program	402,533	548,000	117,900	
 TOTAL PROGRAM REQUIREMENTS	1,554,258	2,079,000	1,934,100	
 <i>Less:</i> Portion of program to be obligated in subsequent fiscal years	213,134	449,790	344,124	
<i>Plus:</i> Obligations incurred against prior year Program Funds	252,906	160,990	362,814	
 TOTAL OBLIGATIONS	1,594,030	1,790,200	1,952,790	

PROCUREMENT OF AMMUNITION, ARMY

Section 4

Budget Activity Justification

Activity 1 - Ammunition

Activity 2 - Ammunition Production Base Support

4-14 - 1/15/81

Department of the Army		Appropriation PROCUREMENT OF AMMUNITION, ARMY		FY 1982
Annual Budget Estimates		(In Thousands of Dollars)		Budget
Budget Program or Budget Project Account		Actual Fiscal Year 1980	Fiscal Year 1981	Estimate
ACTIVITY 1 - AMMUNITION				
Direct Obligations or Direct Budget Plan	\$ 803,425	\$ 1,199,900		\$ 1,573,500

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Section 1 - PURPOSE AND SCOPE

Ammunition. This request provides for annual peacetime training needs and the acquisition of U.S. war reserve stocks for use during war time. Family of munitions included in the request are artillery, mortar and small arms ammunition, fuzes, mines, and demolitions, grenades, pyrotechnic signals, and other ammunition items. The major portion of the funds being requested are identified to newly developed tank rounds, artillery dual purpose improved conventional munitions, and artillery delivered mine systems.

Section 2 - JUSTIFICATION OF FUNDS REQUESTED

The fiscal year 1982 program provides for worldwide training consumption and losses to inventory through the FY82 funded delivery period; increases US Army readiness in support of the FY86 authorized acquisition objective and maintains an active ammunition production base in FY82 for modernization and training type munitions. The FY82 program includes over 50 different types of ammunition with the following category breakout: tank ammunition, \$251.2 million; fuzes, \$74.0 million; artillery ammunition, \$483.0 million; propelling charges, \$110.8 million; small arms ammunition, \$322.7 million; mortar ammunition, \$115.2 million; atomic materiel, \$25.7 million; rockets, \$80.6 million; and other ammunition, spares and components for tests, renovation and proveout, \$110.3 million. Of the \$1573.5 million total, \$919.0 million is allocated to tank gun and artillery munitions with related fuzes and propelling charges.

Army Ammunition Working Capital Fund. To increase the economy and efficiency of the ammunition acquisition process, a working capital fund for the procurement of all conventional ammunition will be established beginning in fiscal year 1982. In accordance with the currently governing ammunition revolving fund charter, the cost of first destination transportation of munitions during fiscal year 1982 is included as a surcharge in the fiscal year 1982 ammunition item unit prices. The total amount for this purpose included in the Procurement of Ammunition, Army Activity 1 program is \$37.8 million.

Department of the Army Annual Budget Estimate JUSTIFICATION		Appropriation Procurement of Ammunition, Army (Thousands of Dollars)		FY 1982 Budget
Budget Program or Budget Project Account		Actual	Estimate	Estimate
Activity 2 - Production Base Support	FY 1980	FY 1981	FY 1982	
Direct Obligation or Direct Budget Plan	\$ 348,300	\$ 331,100	\$ 242,700	

Section 1 - PURPOSE AND SCOPE

Provides for the support of plants in active production and the modernization and expansion of the Army's production capability for ammunition; layaway of industrial plants and equipment; and the manufacturing technology to facilitate and improve the production of ammunition.

Section 2 - JUSTIFICATION OF FUNDS REQUESTED

The major effort for the ammunition production base in FY 1982 is the modernization and expansion program. The modernization and expansion program seeks to modernize existing World War II facilities which are deteriorated, obsolete, and inefficient, and to expand the base, where required, to provide the production capability to produce new modernized ammunition items. The FY 1982 modernization and expansion program of \$125.5 million (including construction) is the fourteenth year increment of a long range, multi-billion dollar capital investment program. The principal thrust of the program in FY 1982 is the establishment of production base capability to produce the new and more effective modernized ammunition items. New production capability is being established or expanded for anti-armor cluster munitions (\$21.0 million) and tactical munitions dispensers (\$6.8 million), both for Air Force use. These projects are needed to permit the introduction of these Modernized ammunition items into the DoD inventory with the resultant increase in the readiness and effectiveness of our combat forces. A detailed breakout of individual projects is provided in Section 6.

Another part of the FY82 program is the continuation of and balance with prior year initiatives. A total of \$10.5 million is requested to complete the Mississippi Army Ammunition Plant at Bay St. Louis, MS. This provides additional funding to accommodate unforeseen cost increases, changes and inflation in the project. Mississippi AAP when complete will be capable of producing 120,000 rounds per month of the 155mm, M483 Improved Conventional Munition (ICM). In the area of new initiatives the anti-armor cluster munitions (ACM) project provides capability for metal parts (in the private sector); Load, Assemble and Pack, and the modernization of associated melt pour facilities (both at Kansas AAP). The tactical munitions dispenser facility provides capability at Honeywell (Twin Cities AAP) for manufacture of the dispenser for the ACM. These projects are required to meet planned out-year procurements for these items.

Department of the Army Annual Budget Estimates		FY 1982
		Budget
JUSTIFICATION		
Appropriation		
Procurement of Ammunition, Army		
		Activity 2 - Production Base Support

FORMAT A

Other major efforts are an \$18.1 million project to rehabilitate the main heating plant at Iowa AAP; a \$9.5 million project to provide steam from a second steam powerhouse at Radford AAP; a \$7.6 million project to upgrade the Composition B explosive line to original design rates with acceptable safety; a \$7.0 million project to modernize the production facility for Navy 5 Inch Shell Metal Parts at Lansdowne Steel which was destroyed by fire; a \$5.6 million project to improve the Ammonia Oxidation Plant at Radford AAP; a \$2.8 million project to provide automated tape stifferener assembly operations for grenades used in ICM munitions (M483 and M509) at Lone Star and Kansas AAP; a \$1.5 million project to modernize the Grenade HC Smoke manufacturing and assembly facility at Pine Bluff Arsenal in accordance with latest pollution standards; a \$1.3 million project to provide spare parts for one SCAMP (Small Caliber Ammunition Modernization Program) line at Lake City AAP; a \$1.2 million project to provide in process storage igloos at Kansas AAP for grenades utilized in ICM munitions; a \$2.6 million containerization facility at Lone Star AAP for containerized shipment of ammunition; and a \$23.0 million design effort for out-year projects.

Also included in the FY 1982 request are funds for the necessary production support and equipment replacement for plants in active production (\$48.0 million); the layaway of industrial plant equipment and facilities needed to meet mobilization requirements (\$30.6 million); and a manufacturing technology program to incorporate the latest state-of-the-art in technology into the production of ammunition (\$28.6 million). It is expected that sixteen ammunition plants will require FY 82 production support and equipment replacement funds. These facilities include the three former Navy facilities transferred to the Army under the Single Manager for Conventional Ammunition role on 1 October 1977, plus three production-related facilities. The \$30.6 million requested for layaway is for the protection and preservation of equipment and facilities no longer required for active production but which must be retained for future peacetime or mobilization production. This request coupled with the additional funds provided by Congress in FY 81 will permit the Army to satisfy current requirements and eliminate the prior year layaway requirement's backlog. The \$28.6 million for manufacturing methods and technology (MMT) is associated with the modernization and expansion program. This program improves on-going production processes to achieve cost reductions and enhanced health, safety, and energy conservation characteristics. Additionally, this program develops production processes incorporating the latest state-of-the-art technology from private industry to mass produce the new, more sophisticated munitions. A breakout of associated costs for the total production base program is reflected on the next page.

Department of the Army Annual Budget Estimates		FY 1982
Appropriation Procurement of Ammunition, Army		Budget
		Budget Program or Budget Project Account
FORMAT A		Activity 2 - Production Base Support

The separate budget line item for the construction effort in support of the ammunition production base was deleted from the PI procurement exhibit beginning with the President's FY 80 Budget. This action eliminated the confusion that was caused by splitting projects with both equipment and construction between two budget lines. A detailed breakout of the projects with construction is contained on page 4-21. The construction portions of the individual projects are shown in parenthesis in Section 6, pages 4-30 to 4-34. Included in this year's ammunition procurement request is \$45.7 million of construction which will require authorization in this year's Military Construction Authorization Bill. This authorization total does not contain any authorization for the new Mississippi Army Ammunition Plant since construction of this plant was authorized by Congress in FY 78.

Included is a budget line item for Depot Maintenance Plant Equipment requesting \$10.0 million. Depot Maintenance Plant Equipment provides for the procurement of capital equipment required in support of maintenance, renovation and demilitarization of ammunition in depots worldwide. This effort was funded previously by the Operations and Maintenance, Army account.

Appropriation Procurement of Ammunition, Army	Department of the Army Annual Budget Estimate JUSTIFICATION	Budget Program or Budget Project Account		FY 1982 Budget
		FY 80 (Millions)	FY 81 (Millions)	
<u>Provision of Industrial Facilities (PIF)</u>		292.3	283.2	(173.5)
Production Support and Equipment Replacement (PS&ER)		(29.5)	(32.0)	(48.0)
Initial Production Facilities (IPF)		(19.1)	(17.3)	(27.8)
Modernization (MOD)		(0)	(16.6)	(63.8)
Expansion (EXP)		(243.7)	(217.3)	(33.9)
<u>Layaway of Industrial Facilities</u>		24.7	16.8	30.6
<u>Quick Return on Investment Program</u>		-	-	-
<u>Manufacturing Technology Program</u>		22.4	21.5	28.6
<u>Military Adaptation of Commercial Items</u>		-	.3	-
<u>Depot Maintenance Plant Equipment</u>		8.9	9.3	10.0
TOTAL PBS AMMUNITION		348.3	331.1	242.7

FORMAT A

Department of the Army Annual Budget Estimates		FY 1982	
Appropriation Procurement of Ammunition, Army		Budget Justification	
		Budget Program or Budget Project Account	
		Activity 2 - Production Base Support	
Army Ammunition Plants (AAP)	Project No.	Project Title	
Holston TN, AAP	5822052	Comp Line 1 Improvements	PIF Const. Cost Estimate (Millions) PS&ER MOD/EXP
	5823328-17	Sensitivity Test Facility	.2
	5823328-18	Ovenfire Air Steam Plant Areas A&B	1.0
	5825328-20	Replace Bridges	.1
	5825328-51c	Energy Conservation and Management (ECAM)	.1
Indiana AAP	5825330-15	Convert Boilers from #2 to #6 oil	.3
Iowa AAP	5825330-51	ECAM Rehab Main Heating Plant	2.2
Kansas AAP	58223593	Grenade In-Process Storage Igloos	1.0 .9
Lake City Mo, AAP	5825329-51	ECAM Replace Bldg 90A	.1 .2
	5825332-29	ECAM	.4 .4

Authorization of construction required to support ammunition production base projects in the FY 1982 program is valued at \$45.7 million. Starting in FY 77 this military construction is authorized in the Military Construction Authorization Bill and appropriated in the Ammunition Procurement Appropriation. The Congress authorized \$82.6 million of military construction in FY 80 and \$13.7 million in FY 81. Military Construction Project Data (DD Form 1391), which provide detailed project information, is published under separate cover. A listing of FY 1982 construction projects is as follows:

		Department of the Army Annual Budget Estimates			FY 1982
		JUSTIFICATION			Budget
Appropriation		Activity 2 - Production Base Support			
Army Ammunition Plants (AAP)	Project No.	Project Title	PIF Estimate PSER	Const Cost MOD/EXP	PIF Equipment Cost (Millions)
Longhorn TX, AAP	5825327-16	Herbicide Mix and Pesticide Facility	.3		
Milan TN, AAP	5825317-15	Replace Wells and Houses	1.4		
	5825317-17	On-line Storage Facility	.6		
Newport IN, AAP	5825301-1	ECAM	.7		
Radford VA, AAP	5822134	Steam Tie Line - Horseshoe Area	9.2		
	5822317	Weatherly AOP MOD	5.4		
	5825326-14	Replace Barricades	2.8		
	TOTAL		11.4	34.3	7.7
	GRAND TOTAL			\$45.7 Million	53.4
		(CONSTRUCTION)			

FORMAT A

4-21 - 1/15/81

FORMAT A

<u>Appropriation</u>	Department of the Army Annual Budget Estimates		<u>FY 1982</u> <u>Budget</u>
	<u>JUSTIFICATION</u>	<u>Budget Program or Budget Project Account</u>	
Procurement of Ammunition, Army			Activity 2 - Production Base Support

End Item Capability: In order to produce an ammunition end item, the individual components have to be produced and have to be balanced with the desired end item capability. These components include metal parts, fuzes, propellants, explosives detonators, etc. These components are loaded with explosives, assembled, and packed (LAP) into the final end item. The principal end item capabilities, which will be established with the FY 82 projects, are as follows:

<u>Project Number</u>	<u>Item</u>	<u>Individual Projects</u>	<u>(\$ In Millions)</u>	<u>Production Capability</u>
5820048	Anti-Armor Cluster Munition	Initial LAP and metal parts capability for new Air Force Anti-Armor Cluster Munition	\$21.0	400 CBU/mo LAP 20,000 BLU/mo MPFS
5820050	Tactical Munition Dispenser	Initial capability for dispenser for new Air Force Anti-Armor Cluster Munition	6.8	500/mo

PROCUREMENT OF AMMUNITION, ARMY

Section 5

Comparison of Program Requirements and Financing

Comparison of FY1981 program requirements as reflected in FY1981 budget with FY1981 program requirements as shown in FY1982 budget.

Comparison of FY1981 financing as reflected in FY1981 budget with FY1981 financing as shown in FY1982 budget.

Comparison of FY1980 program requirements as reflected in FY1981 budget with FY1980 program requirements as shown in FY1982 budget.

Comparison of FY1980 financing as reflected in FY1981 budget with FY1980 financing as shown in FY1982 budget.

**COMPARISON OF FY 1981 PROGRAM REQUIREMENTS
AS REFLECTED IN FY 1981 BUDGET WITH
FY 1981 PROGRAM REQUIREMENTS AS SHOWN IN FY 1982 BUDGET**

SUMMARY OF REQUIREMENTS (In Thousands of Dollars)

<u>Appropriation:</u>	<u>SUMMARY OF REQUIREMENTS (In Thousands of Dollars)</u>			Increase (+) or Decrease (-)
	Total Program Requirements Per FY 81 Budget	Program Requirements Per FY 1982 Budget	Increase (+) or Decrease (-)	
Procurement of Ammunition, Army				
Activity 1 - Ammunition	1,190,600	1,199,900	+ 9,300	
Activity 2 - Ammunition Production	324,500	331,100	+ 6,600	
Base Support				
Total	1,515,100	1,531,000	+15,900	

Explanation by Activity

Activity 1 - Ammunition. The \$ 9.3 million increase is the net result of Congressional actions.

Activity 2 - Ammunition Production Base Support. The \$ 6.6 million increase is the result of Congressional actions.

COMPARISON OF FY 1981 FINANCING AS REFLECTED
IN THE FY 1981 BUDGET WITH FY 1981 FINANCING
AS SHOWN IN FY 1982 BUDGET

Appropriation:	(In Thousands of Dollars)		
	Financing Per FY 1981 Budget	Financing Per FY 1982 Budget	Increase (+) or Decrease (-)
Procurement of Ammunition, Army			
Program Requirements, (Total)	1,965,100	2,079,000	+113,900
Program Requirements (Service Account)	(1,515,100)	(1,531,000)	(+15,900)
Program Requirements (Reimbursable)	(450,000)	(548,000)	(+98,000)
Less:			
Anticipated reimbursements	450,000	548,000	+98,000
Reprogramming from prior year budget plans	-0-	-0-	-0-
Unobligated balance available from prior year to finance new budget plans	-0-	-0-	-0-
Unobligated balance transferred from other accounts	-0-	-0-	-0-
Add:			
Unobligated balance transferred to other accounts	-0-	-0-	-0-
Unobligated balance available to finance subsequent year budget plans	-0-	-0-	-0-
BUDGET AUTHORITY	1,515,100	1,531,000	+15,900
Appropriation	1,515,100	1,531,000	+15,900

EXPLANATION OF CHANGES IN FINANCING

The fiscal year 1981 program has increased by \$113,900 thousand since the FY 1981 budget request was presented to the Congress. This increase is due to the following:

Anticipated Reimbursements: Estimated sales of ammunition to customers, including foreign countries, is increased by \$98,000 thousand to reflect current program execution plans.

Budget Authority is increased by \$15,900 thousand due to Congressional program increases of a like amount.

COMPARISON OF FY 1980 PROGRAM REQUIREMENTS
AS REFLECTED IN FY 1981 BUDGET WITH
FY 1980 PROGRAM REQUIREMENTS AS SHOWN IN FY 1982 BUDGET

SUMMARY OF REQUIREMENTS (In Thousands of Dollars)

Appropriation:	Program Requirements			Increase (+) or Decrease (-)
	Per FY 81 Budget	Program Requirements Per FY 1982 Budget	Per FY 1982 Budget	
Procurement of Ammunition, Army				
Activity 1 - Ammunition	879,000	803,425	-75,575	
Activity 2 - Ammunition Production	<u>353,800</u>	<u>348,300</u>	<u>-5,500</u>	
Base Support	1,232,800	1,151,725	-81,075	

EXPLANATION BY ACTIVITY

Activity 1 - Ammunition. The net change is the result of a supplemental appropriation (PL96-304) of \$14.5 million; and transfers to other Department of Defense appropriation accounts of \$90.075 million as follows:

Operation and Maintenance, Army 1980	\$14,094 million
Other Procurement, Army 1980/1982	18,100 million
Reserve Personnel, Army 1980	24,000 million
Claims, Defense 1980	.200 million
Military Personnel, Army 1980	33,681 million

Activity 2 - Ammunition Production Base Support. This program was decreased by \$5.5 million, transferred to other Department of Defense appropriation accounts as follows:

Claims, Defense 1980	\$5,000 million
Other Procurement, Army 1980/1982	.500 million

**COMPARISON OF FY 1980 FINANCING AS REFLECTED
IN THE FY 1981 BUDGET WITH FY 1980 FINANCING
AS SHOWN IN FY 1982 BUDGET**

Appropriation: Procurement of Ammunition, Army	(In Thousands of Dollars)		
	Financing Per FY 1981 Budget	Financing Per FY 1982 Budget	Increase (+) or Decrease (-)
Program Requirements, (Total)	1,632,800	1,554,258	-78,542
Program Requirements (Service Account)	(1,332,800)	(1,151,725)	(-81,075)
Program Requirements (Reimbursable)	(400,000)	(402,533)	(+2,533)
 Less: Anticipated reimbursements	 400,000	 402,533	 +2,533
Reprogramming from prior year budget plans	-0-	-0-	-0-
Unobligated balance available from prior year to finance new budget plans	-0-	-0-	-0-
Unobligated balance transferred from other accounts	-0-	-0-	-0-
Add: Unobligated balance transferred to other accounts	-0-	-0-	-0-
Unobligated balance available to finance subsequent year budget plans	-0-	-0-	-0-
 BUDGET AUTHORITY	 1,232,800	 1,151,725	 -81,075
Appropriation	1,232,800	1,232,800	-0-
Transfer to Other Accounts	-0-	-95,575	-95,575
Transfer from Other Accounts	-0-	14,500	14,500
Appropriation (adjusted)	1,232,800	1,151,725	-81,075

EXPLANATION OF CHANGES IN FINANCING

The total program for fiscal year 1980 has decreased by 78,542 thousand since the FY 1981 budget presentation to the Congress. This decrease is attributed to the following:

EXPLANATION OF CHANGES IN FINANCING (Continued)

Anticipated Reimbursements: \$2,533 thousand increase reflects actual sales of munitions to foreign countries and other non-U.S. Army customers.

Budget Authority: The decrease in budget authority of \$81,075 thousand is due to transfers to other Defense appropriation accounts of \$95,575 thousand and transfers from other Defense appropriation accounts of \$14,500 thousand (Amended Supplemental Appropriations Act, FY 1980, P.L. 96-304).

PROCUREMENT OF AMMUNITION, ARMY

Section 6

Selected Data Sheets

4-29 - 1/15/81

PROCUREMENT OF AMMUNITION, ARMY
PRODUCTION BASE SUPPORT
 (\$ in Millions)

Service: Army
P-1 Line Item:
Projects

	<u>FY 80</u>	<u>FY 81</u>
	348.3	331.1
	<u>FY 82</u>	<u>FY 82</u>
	242.7	242.7

Provision of Industrial Facilities

Annual Support

5805345 - Crane AAA:	SPT - Pdn Spt & Equip Replacement	1.0
5820252 - Pine Bluff Ars:	SPT - Pdn Spt & Equip Replacement	1.5
5824806 - ARRADCOM:	SPT - Pdn Spt & Equip Replacement	1.0
5825060 - Jefferson Prvg Grd:	SPT - Pdn Spt & Equip Replacement	1.8
5825314 - Louisiana AAP:	SPT - Pdn Spt & Equip Replacement	2.5(.7)
5825316 - Lone Star AAP:	SPT - Pdn Spt & Equip Replacement	2.3(1.0)
5825317 - Milan AAP:	SPT - Pdn Spt & Equip Replacement	1.9(.4)
5825326 - Radford AAP:	SPT - Pdn Spt & Equip Replacement	3.0(1.4)
5825327 - Longhorn AAP:	SPT - Pdn Spt & Equip Replacement	1.9(.2)
		1.5(.2)
		3.7(2.0)
		1.9
		6.0(3.5)
		6.8(2.8)
		1.5(.3)

PROCUREMENT OF AMMUNITION, ARMY
PRODUCTION BASE SUPPORT
(\$ in Millions)

<u>Projects</u>	<u>Provision of Industrial Facilities, Continued</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
5825328 - Holston AAP:	SPT - Pdn Spt & Equip Replacement	2.3(.8)	1.5(.3)	4.8(1.4)
5825330 - Indiana AAP:	SPT - Pdn Spt & Equip Replacement	1.8	1.8	3.1(.1)
5825332 - Lake City AAP:	SPT - Pdn Spt & Equip Replacement	2.3(.6)	3.0(.9)	6.1(2.5)
5825333 - Iowa AAP:	SPT - Pdn Spt & Equip Replacement	1.7(.1)	2.0(.2)	3.5(.6)
5825342 - Scranton AAP:	SPT - Pdn Spt & Equip Replacement	1.8	1.8	3.0(1.0)
5825347 - McAlester AAP:	SPT - Pdn Spt & Equip Replacement	2.4(.7)	2.0	2.2
PROJECTS UNDER \$900,000 EACH		1.1	1.1	1.0
SUBTOTAL PRODUCTION SPT & EQUIP REPLACEMENT		2.1(.3)	2.4	3.0(.7)
<u>Initial Production Facilities</u>		29.5(6.2)	32.0(6.3)	48.0(11.4)
5803004 - X-Facility: Comm - M549/XM650 - RA Projectile Combined MPTS Production Line (Warhead and Motor Body)		19.1		
5810045 - Indiana AAP: IPF - 155mm XM211 Prop Charge LAP			4.9(1.8)	
5812855 - X-Facility: Comm - 25mm Bushmaster Production Equipment				11.6
5820048 - Kansas AAP: Comm - IPF - Anti Armor Cluster Munition LAP/Metal Parts				21.0

PROCUREMENT OF AMMUNITION, ARMY
PRODUCTION BASE SUPPORT
(\$ in Millions)

<u>Projects</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
<u>Provision of Industrial Facilities, Continued</u>			
5820050 - Honeywell Inc: IPF - Tactical Munitions Dispenser	6.8		
PROJECTS UNDER \$900,000 EACH	.8		
SUBTOTAL INITIAL PRODUCTION FACILITIES (IPF)	19.1	17.3(1.8)	27.8
<u>Modernization</u>			
5810280 - Pine Bluff Ars: MOD - Automate M18 Grenade Fill and Press Facility	1.0		
5810283 - Pine Bluff Ars: MOD - Modernization of Smoke Mix Facility	1.6		
5812049 - Radford AAP: MOD - 155mm RAP Extruded Grain Production Facility	4.2(1.6)		
5812117 - Indiana AAP: MOD - Prop Charge Igniter Preparation	2.4 (.9)		
5812160 - Radford AAP: MOD - Restore "C" Line Nitrocellulose	2.6 (.7)		
5813180 - Iowa AAP: MOD/SPT - Container Distribution Facility	2.3(2.3)		
5815093 - Jefferson Pvg Grd: MOD - Application of Radar to Ballistic Acceptance Testing of Ammunition (ARBAT)	2.5		
5820285 - Pine Bluff Ars: MOD - Grenade Hexachloroethane (HC) Smoke M8 LAP	1.5		

PROCUREMENT OF AMMUNITION, ARMY
PRODUCTION BASE SUPPORT
(\$ in Millions)

<u>Projects</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
<u>Provision of Industrial Facilities, Continued</u>			
5822052 - Holston AAP: MOD - Comp B Line 1 Improvements	7.6(1.2)		
5822134 - Radford AAP: MOD - Steam Tie Line to Horseshoe Area	9.5(9.2)		
5822138 - Kansas AAP: MOD - M42/M46 Grenade In-Process Storage Igloos	1.2(.9)		
5822144 - Lone Star/Kansas AAP: MOD - Tape Stiffener Assy Machine for M42/M46 Grenade	2.8		
5822146 - Lake City AAP: MOD - SCAMP (Small Caliber Ammunition Modernization Program) Line 1 Spare Parts	1.3		
5822317 - Radford AAP: MOD - Ammonia Oxidation Plant Modifications	5.6(5.4)		
5823089 - Lansdowne: Comm - 5 inch/S4 Navy Projectile Manufacturing Facility (Ph II)	7.0		
5823106 - Lone Star AAP: MOD - Container Distribution Facility	2.6		
5823186 - Commercial: MOD - Active Munitions Metal Parts Facilities (Ph I)	5.8		
5823593 - Iowa AAP: MOD - Rehabilitate Main Heating Plant	18.1(17.6)		
PROJECTS UNDER \$900,000 EACH	.8		
<u>SUBTOTAL MODERNIZATION</u>			
<u>Expansion</u>			
5802003 - Longhorn AAP: SLUFAE Rocket Motor Facility	4.2		
5802007 - Milan AAP: LAP of 60/81mm Propellant Charge Assembly	2.0		
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	16.6(5.5)	63.8(34.3)	

PROCUREMENT OF AMMUNITION, ARMY
PRODUCTION BASE SUPPORT
(\$ in Millions)

	FY 80	FY 81	FY 82
<u>Projects</u>			
<u>Provision of Industrial Facilities, Cont. In</u>			
5802694 - Indiana AAP: 155mm/8 inch Center Core LAP Facility	21.4(9.9)		
5802875 - Radford AAP: Continuous Automated Multi Base Line (CAMBL)	98.8(66.0)		
5803106 - Lone Star AAP: Centralized Ammunition Container Facility	.9(.9)		
5813175 - X-Facility: Comm - 105/120mm APFSDS-TP Production Facility	13.7		
5823142 - Mississippi AAP: Fourth Phase Construction at 155mm ICM Complex	102.3	185.8	10.5
Omnibus Engineer-Process Equipment Design	8.9	11.2	13.5
Construction Design	5.0	6.2	9.5
PROJECTS UNDER \$900,000 EACH	.4	.4	.4
SUBTOTAL EXPANSION	243.7(76.8)	217.3	33.9
<u>Layaway of Industrial Facilities</u>			
5828450 - ARRCOM: Layaway and/or Redistribution of Govt-owned Equip In Govt-owned Plants (Omnibus)	22.7	14.8	26.1
5829589 - ARRCOM: Layaway and/or Redistribution of Govt-owned Equip in Privately-owned Plants (Omnibus)	2.0	2.0	4.5
SUBTOTAL LAYAWAY OF INDUSTRIAL FACILITIES	24.7	16.8	30.6

PROCUREMENT OF AMMUNITION, ARMY
PRODUCTION BASE SUPPORT
(\$ in Millions)

<u>Projects</u>	<u>Manufacturing Methods and Technology</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
5804137 - MM&T:	Automated Loading of Center Core Igniters	1.0		
5804189 - MM&T:	High Fragmentation Steel Production Process	1.5		
5804281 - MM&T:	Conservation of Energy at Army Ammunition Plants	1.2		
5804341 - MM&T:	Improved Nitrocellulose Purification Process	1.0		
5804454 - MM&T:	Auto Insp Device Explos Charge Shell	1.3		
5814059 - MM&T:	NQ Crystallization for Continuous Propellant Liner	.9		
5814454 - MM&T:	Auto Insp Device Explosive Charge Shell (AIDECs)			
5824061 - MM&T:	Nitroguanidine Process Optimization			
5824062 - MM&T:	Auto Mfg Sys f/Mortar Increment Containers			
5824189 - MM&T:	Hi-Frag Steel Prod Process			
5824251 - MM&T:	Auto Mfg of Delay Assy f/M549			
5824281 - MM&T:	Energy Conservation			
5824309 - MM&T:	Process Development for 120mm Tank Ammo			

<u>PROCUREMENT OF AMMUNITION, ARMY</u>	
<u>PRODUCTION BASE SUPPORT</u>	
(\$ in Millions)	
	<u>FY 80</u>
	<u>FY 81</u>
	<u>FY 82</u>
<u>Projects</u>	
<u>Manufacturing Methods and Technology, Continued</u>	
5824489 - MM&T: Adv Pollution Abatement Tech for DARCOM Fac	1.8
PROJECTS UNDER \$900,000 EACH	
	16.5
SUBTOTAL MANUFACTURING METHODS AND TECHNOLOGY	22.4
	11.6
	18.1
	21.5
	28.6(30.4)
<u>Military Adaptation of Commercial Items</u>	
PROJECTS UNDER \$900,000 EACH	.3
SUBTOTAL MILITARY ADAPTATION OF COMMERCIAL ITEMS	.3
<u>Depot Maintenance Plant Equipment</u>	
Ammunition Peculiar Equipment in Support of Worldwide	
Depot Ammunition Operations	8.9
SUBTOTAL DEPOT MAINTENANCE PLANT EQUIPMENT	8.9
TOTAL AMMUNITION PRODUCTION BASE	348.3
	331.1
	242.7

PROCUREMENT OF AMMUNITION, ARMY

Section 7

Analysis of Unobligated Balances

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PROCUREMENT OF AMMUNITION, ARMY

Analysis of Unobligated Balance - FY 1982 Program *

Summary by Category

<u>Category</u>	<u>Estimated Dollars (Millions)</u>	<u>Unobligated % of Total Unobligated</u>
1. Reserved to support contracts	393.7	67.5
2. Engineering changes	82.8	14.2
3. Other	106.8	18.3
Total Unobligated FY 1982	583.3	100.0%

Explanation by Category

It is predicted that the above amounts will remain unobligated at the end of FY 1982. Reasons for the unobligated balances here have been grouped into three general categories and are detailed below. These unobligated amounts will therefore be required in subsequent fiscal years to complete the procurement of the FY 1982 program.

1. Reserved to Support Contracts:

- a. Hold pending award of firm contracts as opposed to letter orders.
- b. Amounts reserved for incentive contract payments.
- c. Amounts held to support Product and Component Improvement for retrofit during production; modifications ordered by customers.
- d. Contractor claims, reserves to cover potential liabilities for contracts containing escalation clauses for labor or material cost increases and price redeterminations.
- e. Contract close-out costs; packing, crating, handling and packaging and loading charges.
- f. Government-furnished equipment breakout procurements; federal excise tax and sales tax payments; preparation of manuals and technical data; and reserve for completion of construction elements of production base support facilities projects.
- g. Delay due to design or testing difficulties.
- h. Award protests.
- i. Insufficient procurement detail involving reimbursable orders.
- j. Develop adequate competitive procurement or technical data package.

PROCUREMENT OF AMMUNITION, ARMY (Continued)

k. Items released to Army by other customers too late to permit obligation in FY 1982

2. Engineering Changes:

- a. Engineering costs in support of production (obligated only as expenses are incurred).
- b. Validated engineering change orders to be incorporated into the current manufacturing process.
- c. Engineering changes as a result of acceptance testing, destructive and proving ground tests.
- d. Amounts reserved to support engineering change proposals and value engineering proposals.

3. Other:

- a. Changes to the previously planned method of procurement (i.e., competitive in lieu of sole source).
- b. Extension to bid opening dates.
- c. Additional time required to complete audits of cost data and to obtain contractor cost data.
- d. Unfavorable pre-award surveys and extended negotiations.
- e. Held pending validation of production capability of low bidder.
- f. Attaining a satisfactory production rate prior to awarding additional work.

* Includes estimated FY1981 carry-over and other customer reimbursable programs.

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20. ABSTRACT (Continue on reverse side if necessary and identify by block number) In justification of programs requested, this document, in separate volume for each of the five Procurement Appropriations, provides backup data for the Army Budget submission for FY 1982. Included are Summaries of Requirements, Program and Financing Statements and Selected Data Sheets. (This document has been declassified for NTIS distribution).		

